

ALABAMA DEPARTMENT OF REVENUE
**Alabama Business Privilege Tax Return
and Annual Report Instructions**

2017

Form PPT is to be filed by Pass-through Entities only.

BUSINESS PRIVILEGE TAX EXTENSION REQUEST

According to Rule 810-2-8-.06 any taxpayer required to file a business privilege tax return will be granted an automatic six month extension of time for filing the return. While an automatic extension is in place for the filing of the annual business privilege tax return, payment of the total tax due (including any corporate annual report fees) must be received on or before the original due date of the return. Payments made for a taxable year in which the automatic extension provision is utilized are referred to in these instructions and on the Form BPT-V as automatic extension payments. Form BPT-V must accompany **all** business privilege tax payments, unless payments are made electronically. Please see Rule 810-2-8-.06 on the Department's website (www.revenue.alabama.gov) for more information regarding the extension of time for filing of business privilege tax returns.

**General Information – Filing Requirement
for Business Privilege Tax:**

Every corporation, limited liability entity, business trust, disregarded entity, and real estate investment trust (REIT) that is doing business in Alabama or has qualified with the Alabama Secretary of State to do business in Alabama is required to file an Alabama Business Privilege Tax Return and Annual Report.

S-corporations, limited liability entities, and disregarded entities must file Alabama Form PPT.

C-corporations, financial institution groups, insurance companies, REITs, and business trusts must file Alabama Form CPT. Limited liabilities taxed as corporations for federal income tax purposes must also file Alabama Form CPT.

"Limited liability entity (LLE)" is defined in Section 40-14A-1, **Code of Alabama 1975**, as:

"...Any entity, other than a corporation, organized under the laws of this or any other jurisdiction through which business may be conducted while offering limited liability to the owners of the entity with respect to some or all of the obligations of the entity and which is taxable under subchapter K of the Code, including, without limitation, limited liability companies, registered limited liability partnerships, and limited partnerships..."

"Corporation" is defined in Section 40-14A-1, **Code of Alabama 1975**, as:

"...Any entity, including a limited liability company electing to be taxed as a corporation for federal income tax purposes, through which business can be conducted while offering limited liability to the owners of the entity with respect to some or all of the obligations of the entity, other than a limited liability entity or a disregarded entity..."

"S-corporation" is defined in Section 40-14A-1, **Code of Alabama 1975**, as:

"... An S corporation defined under Section 40-18-160..."

Required Attachments to the Alabama Form PPT:

– A copy of pages 1 through 4 of the federal tax Form 1120S or pages 1 through 5 of the federal tax Form 1065.

– For taxpayers doing business in Alabama and outside the State of Alabama (multistate taxpayers), a copy of the Alabama apportionment schedule (from Form 20S or Form 65 for the taxpayer's determination period).

– Documentation to thoroughly support any exclusion or deduction claimed in the computation of the taxpayer's net worth.

– A copy of the balance sheet used to compute the taxpayer's net worth, if not provided with the copy of the federal tax return.

Due date for the Alabama Form PPT:

For corporations, the Alabama business privilege tax return is due no later than two and a half months after the beginning of a taxpayer's taxable year. The 2017 Form PPT for a calendar year S-corporation would be due on March 15, 2017.

For Limited Liability Entities, the Alabama business privilege tax return is due no later than three and a half months after the beginning of the taxpayer's taxable year. The 2017 Form PPT for a calendar year limited liability entity would be due on April 18th, 2017.

For Disregarded Entities, the Alabama business privilege tax return is due no later than the time its owner is required to file.

Mailing Address for the Form PPT:

If you are not making a payment, mail your return to:

**Alabama Department of Revenue
Business Privilege Tax Section
PO Box 327431
Montgomery, AL 36132-7431**

If you are making a payment, mail your return, Form BPT-V, and payment to:

**Alabama Department of Revenue
Business Privilege Tax Section
PO Box 327320
Montgomery, AL 36132-7320**

**Determination Period Used to
Compute the Business Privilege Tax:**

Taxable Year Information: Enter the beginning and ending date of the determination period. The determination period is defined in Section 40-14A-1, **Code of Alabama 1975**, as the taxpayer's taxable year next preceding the taxpayer's current taxable year (Generally, it is the taxable year that just ended).

The net worth computations required to compute the Alabama business privilege tax for a business privilege taxable year are performed on information extracted from the balance sheet prepared as of the last day of the determination period (Generally, the last day of the determination period is the last day of the taxable year that just ended, and is the date of the balance sheet prepared that coincides with the taxable year that just ended).

Line 1a. Calendar Year Indicator – Check this box if the taxpayer has a December 31st tax year end. Then enter the determination period begin date in the spaces provided.

Line 1b. Fiscal Year Indicator – Check this box if the taxpayer has a tax year end date other than a calendar year end. Then enter the determination period begin date and end date in the spaces provided.

Short Year – The taxpayer should file a short year return only if there is a change in the tax year end (For example, the taxpayer converts from a calendar year end to a fiscal year end). Do NOT file a short year return as a result of an acquisition or merger. The entity will use the calendar year or fiscal year checkbox and complete the spaces provided for short year returns. Check the calendar year indicator if the entity's determination period end date is 12/31/2016. Check the fiscal year indicator if the entity's determination period end date occurs in 2017 and enter the beginning and ending dates in the spaces provided.

EXAMPLES FOR ENTITIES CHANGING THEIR DETERMINATION PERIOD END DATE

COMPANY A changes from a calendar year end (12/31/2016) to a fiscal

year end (e.g. 03/31/2017). Company A should file the 2017 Business Privilege Tax Return and report the determination period begin date as 01/01/2017 and end date as 03/31/2017.

COMPANY B changes from a fiscal year end (e.g. 06/30/2016) to a calendar year end (12/31/2016). Company B should file the 2017 Business Privilege Tax Return and report the determination period begin date as 07/01/2016 and end date as 12/31/2016.

Privilege Tax Prorated for Short Taxable Years – The business privilege tax is prorated when taxpayers have a short taxable year – See the instructions for line 17, Part B, page 2, Form PPT.

Amended Return Indicator – Check this box if the return is an amended return. Attach a full explanation for filing the amended return, supporting documentation for the changes, and a computation of the additional amount due or the additional refund due.

52-53 Week Filer – Check this box if the company is a 52-53 week filer. If this box is checked, the fiscal year box must also be checked. A 52-53 week tax year is a tax year that varies from 52 to 53 weeks but does not have to end on the last day of the month.

Type of Taxpayer:

Indicate the type of taxpayer by checking one of the boxes on line 2a through line 2d.

Taxpayer Information:

Line 3a. Enter the legal name of the business entity. Do not enter the owner's name or "doing business as" name.

Line 3b. The taxpayer's Federal Employer Identification Number (FEIN) is required to complete Form CPT, Form PPT, and Form BPT-IN. Enter "applied for" if an FEIN will be assigned to the taxpayer. Check the box (FEIN Not Required) if an FEIN will not be assigned to the taxpayer. **Single member limited liability companies should NOT use their owner's FEIN or social security number.**

Line 3c. Street Address – Enter the taxpayer's mailing address or street address.

Line 3d. BPT Account Number – Enter the taxpayer's BPT (Business Privilege Tax) account number only if the taxpayer does not have an FEIN (Federal Employer Identification Number). The account number is issued when the account is opened and is provided in the notice advising the taxpayer of the Business Privilege Tax liability. The account number is also provided in the letter notifying the taxpayer of a Sign-On ID and an Access Code for using the electronic Funds Transfer (EFT) System. Contact the Business Privilege Tax Section (334-242-9800) for any questions regarding the BPT account number.

Line 3e. City – Enter the taxpayer's city.

Line 3f. State – Enter the taxpayer's state.

Line 3g. Zip Code – Enter the taxpayer's 9-digit zip code.

Line 3h. Enter the taxpayer's federal business code number. This number is the North American Industry Classification System (NAICS) reported on the federal income tax return. The Federal Business Code Number (NAICS) is also located at www.census.gov or by contacting the U.S. Census Bureau (800-923-8282).

Line 3i. Contact Person Concerning This Form – Enter the name of the person who can answer questions concerning the preparation of this form.

Line 3j. Contact Person's Phone Number – Enter the telephone number of the person who can answer questions concerning the preparation of this form.

Line 3k. Taxpayer's E-mail Address – Enter the entity's e-mail address.

Line 4a. Date of Incorporation or Organization – Enter the date the entity was incorporated or organized.

Line 4b. State of Incorporation or Organization – Enter the state in which the entity was incorporated or organized.

Line 4c. County of Incorporation or Organization – Enter the county in

which the entity was incorporated or organized.

Computation of Amount Due or Refund Due:

Line 5. Secretary of State Corporate Annual Report Fee – If the taxpayer is an S-corporation, enter \$10.00, the amount of the Secretary of State's corporate annual report fee. Please also attach a completed Alabama Schedule AL-CAR, Alabama Secretary of State Corporation Annual Report. Limited Liability Entities taxed as corporations are not subject to the \$10 Secretary of State fee and are not required to complete Schedule AL-CAR. Alabama business privilege tax returns filed for S-corporations will not be considered a complete return without a properly completed Alabama Schedule AL-CAR, and without payment of the \$10.00 fee.

Pass-through entities other than S-corporations are not subject to the \$10.00 corporate annual report fee, and can leave lines 5, 6 and 7 blank.

Line 6. Less: Annual Report Fee Previously Paid for the Taxable Year – Enter the amount of Secretary of State's annual report fee previously paid for the taxable year (i.e., paid as an automatic extension payment with a Form BPT-V by the original due date of the return, but prior to the annual return's filing on the extended due date of the return). If the return is an amended return, enter the amount of Secretary of State's annual report fee shown for the taxable year on the originally-filed Alabama business privilege tax return.

Line 7. Net Annual Report Fee Due – Subtract the amount on line 6 from the amount on line 5.

Line 8. Privilege Tax Due – Enter the amount from page 2, Part B, line 19 (Privilege Tax Due). The Alabama business privilege tax is due, in full, by the original due date of the business privilege tax return, without consideration for any filing extensions. There is no provision in the Alabama business privilege tax law to allow an extension of time to pay the amount of tax due.

Line 9. Less: Privilege Tax Previously Paid for the Taxable Year – Enter the amount of privilege tax previously paid for the taxable year (i.e., paid as an automatic extension payment with a Form BPT-V by the original due date of the return, but prior to the annual return's filing on the extended due date of the return). If the return is an amended return, enter the amount of business privilege tax shown paid for the taxable year on the originally-filed Alabama business privilege tax return. **Do Not** include previous year overpayments as privilege tax previously paid for the taxable year.

Line 10. Net Privilege Tax Due – Subtract the amount on line 9 from the amount on line 8.

Line 11. Penalty Due – Enter the total amount of the penalty for failure to timely file the return and the penalty for failure to timely pay the tax shown due on the return, as specified in Section 40-2A-11, **Code of Alabama 1975**. The penalty for failure to timely file an Alabama business privilege tax return by the due date is 10% of the tax shown due with the return or \$50, whichever is greater. The penalty for failure to timely pay the amount of tax shown due on an Alabama business privilege tax return equals to 1% of the amount of tax shown due on the return for each month the tax is unpaid – not to exceed 25% of the amount shown due on the return.

Line 12. Interest Due – Enter the amount of interest due on any business privilege tax unpaid as of the original due date of the business privilege tax return. Section 40-1-44(a), **Code of Alabama 1975**, specifies the interest rate to be used in computing the amount of interest due (Section 40-1-44 references Internal Revenue Code Section 6621 for the interest rates to be used for underpayments).

Line 13. Total Privilege Tax Due – Add the amounts shown on lines 10, 11, and 12.

Line 14. Net Tax Due – Add the amounts shown on line 7 and line 13. A positive amount represents an amount due, and that amount should be entered on line 15 (Payment Due with Return). A negative amount represents a refund due to the taxpayer, and that amount should be entered on line 16 (Amount to be Refunded to Taxpayer).

Line 15. Payment Due with Return – Enter the amount from line 14, but only if the amount is positive.

Line 16. Amount to be Refunded to Taxpayer – Enter the amount from line 14, but only if the amount is negative.

Line 17. Family LLE Election Indicator – Check the box if the Family LLE Election Schedule is completed and attached. The Family Limited Liability Election must be made annually on or before the due date, including extensions, of the return in accordance with Section 40-14A-1(h)(2), **Code of Alabama 1975**. Failure to attach Schedule BPT-E and sign Page 1 of Form PPT will result in the disallowance of the election. Single-member LLCs that are treated as a disregarded entity for federal income tax purposes do not qualify as an electing family limited liability entity, in accordance with Section 40-14A-1(h), **Code of Alabama 1975**.

Line 18. Indicate Payment Type – Check the box if the payment was remitted electronically.

How to Make EFT Payments:

ACH Credit Method Payment:

In order to pay the Alabama business privilege tax using EFT, (ACH Credit Method Payment), the taxpayer must first be a registered EFT taxpayer. To register for EFT taxpayers must complete Form EFT: 001, EFT Authorization Agreement Form, and submit it to the Alabama Department of Revenue's EFT Unit. Form EFT: 001 and instructions can be downloaded from the Department's website at www.revenue.alabama.gov/eft/eftindex.html.

My Alabama Taxes Payment:

The Department of Revenue mails each newly incorporated/organized company a letter with a Sign On ID and Access Code to access My Alabama Taxes for electronic payments. All existing companies were mailed Sign On ID and Access Code letters in February, 2007. For more information or to make a payment, refer to the website at www.revenue.alabama.gov or www.myalabamataxes.alabama.gov.

Instructions for Form PPT, Page 2

Line 1a. Enter the taxpayer's Federal Employer Identification Number (FEIN), if the taxpayer does not have an FEIN, enter the same information as is entered on page 1, line 3b.

Line 1b. Enter the legal name of the business entity as shown on page 1, line 3a.

Line 1c. Determination Period End Date/Balance Sheet Date – The Determination Period End Date is the date of the balance sheet from which the net worth computations are made.

Part A – Net Worth Computation:

I. S-Corporations

Line 1. Enter the total amount of the taxpayer's capital stock and additional paid in capital, but not less than zero. The amount must not be reduced for any treasury stock owned by the corporation.

Line 2. Enter the amount of retained earnings, but not less than zero. Include any amounts designated for the payment of dividends until the amounts are definitely and irrevocably placed to the credit of the stockholders, subject to withdrawal on demand. The amount entered on line 2 must not be less than zero.

Line 3. Enter the gross amount of related party debt exceeding the total of the amounts entered on line 1 and line 2, as required by Section 40-14A-23, **Code of Alabama 1975**. This amount will be added to the amounts on line 1 and line 2 in arriving at the taxpayer's net worth. Related parties are defined in Section 40-14A-1, **Code of Alabama 1975**, as any member of a controlled group of corporations as defined by Internal Revenue Code Section 1563. The definition of related parties also includes any limited liability entity that would be a member of a controlled group if rules similar to Section 1563 were applied to limited liability entities. Note: The amount entered on line 3 must not be less than zero. Individual shareholders are not considered related parties. Related party debt and related party receivables **are not netted** in any circumstances. Exempt payables are defined as stated in Section 40-14A-23(e)(2)(b). They

include trade debt, accounts payable, or deposit liabilities to related parties that are doing business in Alabama. Non-Exempt payables are all other related party debts.

Line 4. Enter the excess amount (the amount in excess of \$500,000 for each shareholder) of compensation or similar amounts paid to (or accrued as a liability to) certain direct or indirect shareholders during the determination period, as defined in Section 40-14A-23, **Code of Alabama 1975**. This amount will be added to lines 1, 2, and 3 in arriving at the taxpayer's net worth. Section 40-14A-23(f), **Code of Alabama 1975**, should be referred to for a more thorough explanation of this adjustment.

Line 5. Total S-Corporation Net Worth – Enter the sum of lines 1 through 4.

II. Limited Liability Entities (LLEs)

Line 6. Enter the total amount of the partner/member capital accounts, but not less than zero.

Line 7. Enter the excess amount (the amount in excess of \$500,000 for each partner/member) of compensation, distributions or similar amounts paid to (or accrued as a liability to) certain direct or indirect partners/members during the determination period, as defined in Section 40-14A-23, **Code of Alabama 1975**. Section 40-14A-23(f), **Code of Alabama 1975**, should be referred to for a more thorough explanation of this adjustment.

Line 8. Enter the gross amount of related party debt exceeding the total of the amount entered on line 6, as required by Section 40-14A-23, **Code of Alabama 1975**. This amount will be added to the amount on line 6 in arriving at the taxpayer's net worth. Related parties are defined in Section 40-14A-1, **Code of Alabama 1975**, as any member of a controlled group of corporations as defined by Internal Revenue Code Section 1563. The definition of related parties also includes any limited liability entity that would be a member of a controlled group if rules similar to Section 1563 were applied to limited liability entities. Note: The amount entered on line 8 must not be less than zero. Individual shareholders are not considered related parties. Related party debt and related party receivables **are not netted** in any circumstances. Exempt payables are defined as stated in Section 40-14A-23(e)(2)(b). They include trade debt, accounts payable, or deposit liabilities to related parties that are doing business in Alabama. Non-Exempt payables are all other related party debts.

Line 9. Total LLE Net Worth – Enter the sum of lines 6 through 8.

III. Disregarded Entities

Line 10. Enter the name and Federal Employer Identification Number (FEIN) or Social Security Number (SSN) of the single member of the disregarded entity.

Line 11. If the taxpayer is a disregarded entity that has as its single member a taxpayer that IS subject to the Alabama business privilege tax, then the disregarded entity pays only the minimum tax. Enter \$100, the amount of the minimum business privilege tax, in Part B, line 19. The form can then be completed from that point, in accordance with the instructions for this form. The name and FEIN of the single member must be provided on line 10, or the form will be considered incomplete.

Line 12. Disregarded Entity Net Worth Computation – If the taxpayer is a disregarded entity that has as its single member a taxpayer that IS NOT subject to the Alabama business privilege tax, then the disregarded entity must compute its own net worth, and pay the Alabama business privilege tax accordingly. Enter the amount the taxpayer's assets exceed its liabilities, but not less than zero. The name and FEIN/SSN of the single member must be provided on line 10, or the form will be considered incomplete. A statement must be attached to the business privilege tax return explaining why the owner is not subject to the Alabama business privilege tax. Documentation of assets minus liabilities must be provided.

Disregarded entity owners that are not subject to the Alabama business privilege tax include, but are not limited to: resident individual taxpayers; nonresident individual taxpayers; general partnerships; and, foreign business entities not doing business in the state of Alabama and not registered with the Alabama Secretary of State's Office to do business in the state of Alabama.

Line 13. Enter the gross amount of related party debt exceeding the amount entered on line 12, as required by Section 40-14A-23, *Code of Alabama 1975*. This amount will be added to the amount on line 12 in arriving at the taxpayer's net worth. Related parties are defined in Section 40-14A-1, *Code of Alabama 1975*, as any member of a controlled group of corporations as defined by Internal Revenue Code Section 1563. The definition of related parties also includes any limited liability entity that would be a member of a controlled group if rules similar to Section 1563 were applied to limited liability entities. Note: The amount entered on line 13 must not be less than zero. Individual shareholders are not considered related parties. Related party debt and related party receivables **are not netted** in any circumstances. Exempt payables are defined as stated in Section 40-14A-23(e)(2)(b). They include trade debt, accounts payable, or deposit liabilities to related parties that are doing business in Alabama. Non-Exempt payables are all other related party debts.

Line 14. Enter the excess amount (the amount in excess of \$500,000 for the owner) of compensation, distributions or similar amounts paid to (or accrued as a liability to) certain direct or indirect owners during the determination period, as defined in Section 40-14A-23, *Code of Alabama 1975*. This amount will be added to the amounts entered on lines 12 and 13 in arriving at the taxpayer's net worth. Section 40-14A-23(f), *Code of Alabama 1975*, should be referred to for a more thorough explanation of this adjustment.

Line 15. Total Disregarded Entity Net Worth – Enter the sum of lines 12 through 14.

Part B – Privilege Tax Exclusions and Deductions:

Exclusions – Exclusions are allowed by Section 40-14A-23 (g), *Code of Alabama 1975*. Attach documentation supporting any exclusion claimed on the return.

Line 1. Enter the amount of net worth from Part A line 5, line 9 or line 15.

Line 2. Enter the total book value amount for the investment the taxpayer has in the equity of other taxpayers. Attach a listing providing for each separate investment, the name of the taxpayer, the taxpayer's FEIN, the taxpayer's address and the book value of the investment. This exclusion is not available for the book value of security (as defined in Internal Revenue Code Section 1236) held by a dealer in securities (as referred to in Internal Revenue Code Section 1236) primarily for sale to customers in the ordinary course of its trade or business.

Line 3. Enter the amount reported on the taxpayer's balance sheet for the unamortized portion of goodwill that resulted from a direct purchase of another corporation or limited liability entity. Attach a listing showing for each direct purchase the goodwill originally acquired, the date the direct purchase occurred, accumulated amortization, the name and location of the business acquired, and the name and FEIN of the entity that acquired the business and goodwill. If this exclusion is taken, the return will not be considered complete without the listing.

Line 4. Enter the amount reported on the taxpayer's balance sheet for the unamortized portion of post-retirement benefits, for which the taxpayer elected to amortize under Financial Accounting Standards Board (FASB) Statement Number 106. FASB Statement Number 106, Employers' Accounting for Post-retirement Benefits Other Than Pensions, was issued in December 1990, and focuses principally on post-retirement health care benefits. The supporting documentation should include a description of benefits, amortization schedule, and the line detail of the post-retirement benefits on the balance sheet.

Line 5. Total Exclusions – Enter the total of lines 2, 3, and 4.

Net Worth Apportionment

Line 6. Net Worth Subject to Apportionment – Enter the difference between line 1 (Total Net Worth) and line 5 (Total Exclusions).

Line 7. Apportionment Factor – Section 40-14A-24(a), *Code of Alabama 1975*, establishes the net worth apportionment requirements for the Alabama business privilege tax. Taxpayers that conducted all of their business in Alabama during the determination period should enter 100%. No supporting documentation is required of taxpayers reporting an apportionment factor of 100%.

Taxpayers that conducted business both within and without Alabama (multi-

state taxpayers) during the determination period should generally not enter 100%. Multistate taxpayers must enter the same factor as was used by the taxpayer during the determination period for purposes of apportioning the taxpayer's income in accordance with Alabama's income tax law (Chapter 18, Title 40, *Code of Alabama 1975*), or Alabama's financial institutions excise tax law (Chapter 16, Title 40, *Code of Alabama 1975*). Attach a copy of the computation of the apportionment factor from the applicable Alabama tax return for the determination period.

Line 8. Total Alabama Net Worth – Multiply line 6 (Net Worth Subject to Apportionment) by line 7 (Apportionment Factor).

Deductions – Deductions are allowed by Section 40-14A-24(b), *Code of Alabama 1975*. Attach documentation supporting any deduction claimed on the return.

Line 9. Enter the net amount invested in bonds and securities issued by the State of Alabama, or its political subdivisions, prior to January 1, 2000. "Net amount invested" means the cash, including any premium and net of any discount, paid as the purchase price for the bond or other security, less the amount of any premium amortized and plus the amount of any discount accreted, reduced by the proportionate amount of principal on the bond or other security that is amortized or otherwise paid or retired. The taxpayer must attach a listing showing the details of the deduction. For each bond or security, the listing should provide the net amount invested, the issuing agency, issuance date, and how the investment is reported on the taxpayer's balance sheet. If this deduction is taken, the return will not be considered complete without the listing. This deduction is not available to dealers in securities (those subject to the requirements of Internal Revenue Code Section 1236) for the book value of bonds and securities held by the dealer primarily for sale to customers in the ordinary course of its trade or business.

Line 10. Enter the net amount invested in, or book value from the taxpayer's balance sheet, for all devices, facilities, or structures, and all identifiable components or materials for use therein, that are located in Alabama and are acquired or constructed primarily for the control, reduction, or elimination of air, ground, or water pollution or radiological hazards where such pollution or radiological hazards result from or would be caused by the taxpayer's activities in Alabama.

Line 11. Enter the amount reported on the taxpayer's balance sheet for the balance of any reserve, account, or trust reasonably determined to satisfy any liability that is imposed by federal, state, or local government laws or regulations for reclamation, storage, disposal, decontamination, retirement, or other related costs associated with a plant, facility, mine, or site in Alabama. Attach documentation identifying the applicable law or regulation that establishes taxpayer's liability, as well as a computation of the liability. The documentation must also identify the location of the plant, facility, mine or site in Alabama.

Line 12. Enter the total amount reported on the taxpayer's balance sheet as the book value of the taxpayer's investment in low-income, residential real estate projects that qualify for federal or state income tax credits, loans or grants. See Section 40-14A-24(b)(7), *Code of Alabama 1975*. The taxpayer must attach a listing showing the details of the deduction. For each separate low-income housing project, the attached documentation must identify the name of the project, the FEIN of the project, the site of the project, and the net amount invested in the project. The documentation must also identify how the investments are reported on the taxpayer's balance sheet. If this deduction is taken, the return will not be considered complete without the listing.

Line 13. S-corporations, LLEs and disregarded entities enter 30% of the federal taxable income apportioned and allocated to Alabama for the determination period, but not less than zero. This deduction is allowed by Section 40-14A-24(b)(8) and (9), *Code of Alabama 1975*.

Taxable income is to include income passed through to the shareholders and members. Taxable income for an S-corporation, other than a qualified subchapter S subsidiary, is the amount taken into account by its owners pursuant to Internal Revenue Code Section 1366. Taxable income for an LLE is the amount taken into account by its owners pursuant to Internal Revenue Code

Section 702. Taxable income for a disregarded entity is the amount taken into account by the owner pursuant to Internal Revenue Code Section 61 or 1361. Taxable income shall be apportioned and allocated to Alabama in accordance with Alabama income tax law (Title 40, Chapter 18, Code of Alabama 1975) or Alabama financial institutions excise tax law (Title 40, Chapter 16, **Code of Alabama 1975**).

Line 14. Total Deductions – Enter the total of lines 9 through 13.

Line 15. Taxable Alabama Net Worth – Enter the difference between line 8 (Total Alabama Net Worth) and Line 14 (Total Deductions).

Computation of Privilege Tax Due

Line 16a. Federal Taxable Income Apportioned to Alabama – Enter the federal taxable income used to determine the Tax Rate (see the instructions for line 16b) which is applied to the Taxable Alabama Net Worth (see line 15) to arrive at the Gross Privilege Tax Calculated (see line 17). The tax rate used to compute the business privilege tax is based upon the taxpayer's federal taxable income during the determination period, as required by Section 40-14A-22, **Code of Alabama 1975**.

Federal Taxable Income for S-Corporations. The federal taxable income to be used by S-corporations to determine the tax rate for the Alabama business privilege tax shall be the federal ordinary income or (loss) from trade or business activities plus any items of income or applicable deductions passed through to the shareholders that were determined pursuant to Internal Revenue Code Section 1366. The income shall be apportioned in accordance with Chapter 27, Title 40 **Code of Alabama 1975**, and the accompanying rules. Deductions shall not be allowed for the federal income tax or any federal or Alabama net operating loss in computing the federal taxable income for purposes of determining the business privilege tax rate.

Federal Taxable Income for LLEs. The federal taxable income to be used by LLEs to determine the tax rate for the Alabama business privilege tax shall be the federal ordinary income or (loss) from trade or business activities adjusted by any items of income or expenses passed through to the members or partners that were determined pursuant to Internal Revenue Code Section 702. The income shall be apportioned in accordance with Chapter 27, Title 40, **Code of Alabama 1975**, and the accompanying rules.

Federal Taxable Income for Disregarded Entities. The federal taxable income to be used by Disregarded Entities to determine the tax rate for the Alabama business privilege tax shall be the federal ordinary income or (loss) from trade or business activities adjusted by any items of income or expenses, determined pursuant to Internal Revenue Code Section 1361 or Internal Revenue Code Section 61. This income shall be apportioned in accordance with Chapter 27, Title 40, **Code of Alabama 1975**, and the accompanying rules.

Line 16b. Tax Rate – Enter on line 16b the taxpayer's business privilege tax rate. The tax rate is specified in Section 40-14A-22, **Code of Alabama 1975**, and is determined using the following table:

Federal Taxable Income Apportioned and Allocated to Alabama

More Than or Equal to	But Less Than	Tax Rate	Amount of tax per \$1,000 of Taxable Alabama Net Worth
—	\$ 1	.00025	\$.25 per \$1,000
\$ 1	\$ 200,000	.00100	\$ 1.00 per \$1,000
\$ 200,000	\$ 500,000	.00125	\$ 1.25 per \$1,000
\$ 500,000	\$ 2,500,000	.00150	\$ 1.50 per \$1,000
\$ 2,500,000	—	.00175	\$ 1.75 per \$1,000

Line 17. Gross Privilege Tax Calculated –

Multiply the amount on line 15 (Taxable Alabama Net Worth) by the rate on line 16b (Tax Rate).

Example:

Line 15 – Taxable Alabama Net Worth.....	\$1,000,000
Line 16a – Federal Taxable Income Apportioned and Allocated to Alabama.....	\$ 250,000
Line 16b – Tax Rate.....	.00125
Line 17 – Gross Privilege Tax Calculated	\$ 1,250

Special Calculation for Short Taxable Years: If the taxable year is a short taxable year, the gross privilege tax calculated will be prorated using a fraction, the numerator of which is the number of calendar days in the short taxable year, the denominator of which will be 365. The computation of prorated business privilege tax must be attached to the return. Please note the taxpayer should file a short year return only if there is a change in the tax year end (For example, the taxpayer converts from a calendar year end to a fiscal year end).

Example Assuming Facts from Above Example and a Short Year of 180 days:

Taxable Alabama Net Worth	
Multiplied by Tax Rate Equals	\$1,250
Multiplied by	180/365 Short year factor
Line 17 – Gross Privilege Tax Calculated	\$616

Please note: A determination period that is less than a full year does not constitute a short year return. If a taxpayer has a change in tax year to a calendar tax year or vice versa, the return for the new tax year is not the short year return.

Example: Corporation A previously had a tax year ending June 30 but has changed to a calendar tax year effective January 1, 2017. The corporation previously filed the 2016 Business Privilege Tax return based on the determination period ending June 30, 2016. The 2017 return would have as its determination period July 1, 2016-December 31, 2016. The 2017 return pays the tax for the full 2017 tax year; therefore it would not be a short year return. The 2016 tax year was a short tax year. The 2016 return would need to be amended, with the tax due prorated.

Line 18. Alabama Enterprise Zone Credit – Enter the amount of Alabama Enterprise Zone Credit to which the taxpayer is entitled. Attach supporting documentation from the Alabama Department of Economic and Community Affairs (ADECA) showing the amount of the Alabama Enterprise Zone Credit the taxpayer is entitled to claim. Contact ADECA for additional information concerning the Alabama Enterprise Zone Credit.

Line 19. Privilege Tax Due – Enter the difference between line 17 and line 18, but not less than \$100, the minimum amount of the tax. This amount is also entered on page 1 of Form PPT on line 8 (Privilege Tax Due) in the Computation of Amount Due or Refund Due area of page 1.

See the following concerning the minimum and maximum amounts for the tax.

Maximum Privilege Tax:

S-corporations, LLEs, and disregarded entities have a \$15,000 maximum levy for the Alabama Business Privilege Tax. See Section 40-14A-22(d), **Code of Alabama 1975**.

LLEs meeting the definition of "electing family limited liability entity" as stated in Section 40-14A-1, **Code of Alabama 1975**, have a maximum levy for the Alabama Business Privilege Tax of \$500.

Minimum Privilege Tax:

Section 40-14A-22(c), **Code of Alabama 1975**, establishes a minimum business privilege tax levy of \$100 for S-corporations, LLEs, and disregarded entities – even for business privilege tax years that are short years.

Alabama Schedule AL-CAR

Secretary of State

Corporation Annual Report

Section 10-2B-16.22, *Code of Alabama 1975*, requires domestic and foreign corporations to file an annual report with the Alabama Secretary of State. The Alabama Schedule AL-CAR, submitted by corporations with Alabama Form CPT and Alabama Form PPT, is a means for corporations to satisfy that reporting requirement.

Preparation Instructions:

Line 1a. FEIN – Enter the Federal Employer Identification Number (FEIN) of the corporation.

Line 1b. Legal Name of Business Entity – Enter the legal name of the corporation. Please note this schedule cannot be used to change the legal name of a corporation.

Line 1c. Contact Person Concerning This Form – Enter the name of the person that is knowledgeable of the information provided on the form. Providing the contact person's name and phone number can facilitate the resolution of possible processing errors.

Line 1d. Contact Person's Phone Number – Enter the contact person's telephone number. Providing the contact person's name and phone number can facilitate the resolution of possible processing errors.

Line 1e. Taxpayer's E-mail Address – Enter the entity's e-mail address.

Line 2a. County of Incorporation for All Alabama Entities – Enter the Alabama county of incorporation, if the corporation was incorporated in Alabama.

Line 2b. State or Country of Incorporation for All Foreign Entities – Enter the state or country of incorporation, if the corporation is a foreign corporation.

Line 3a. Date of Qualification in Alabama for Foreign Entities – Enter the date the corporation qualified to do business in Alabama.

Line 3b. Date of Incorporation for All Entities – Enter the date of incorporation.

Line 3c. Telephone Number of Taxpayer – Enter the telephone number of the corporation.

Line 4a. Name of Registered Agent in Alabama – Enter the name of the registered agent in Alabama. This form cannot be used to change the registered agent of a corporation.

Line 4b. FEIN or Social Security Number – Enter the FEIN or social security number of the registered agent.

Line 4c. Street Address – Enter the street address or mailing address of the registered agent.

Line 4d. City, State, and Zip Code – Enter the city, state, and zip code of the registered agent.

Line 5a. Name of Corporate President – Enter the name of the current corporate president.

Line 5b. Social Security Number – Enter the social security number of the current corporate president.

Line 5c. Street Address – Enter the street address or mailing address of the current corporate president.

Line 5d. City, State, and Zip Code – Enter the city, state, and zip code of the current corporate president.

Line 6a. Name of Corporate Secretary – Enter the name of the current corporate secretary.

Line 6b. Social Security Number – Enter the social security number of the current corporate secretary.

Line 6c. Street Address – Enter the street address or mailing address of the current corporate secretary.

Line 6d. City, State, and Zip Code – Enter the city, state, and zip code of the current corporate secretary.

Line 7. Kind of Business Done in Alabama – Please provide a brief statement of the character of business in which the corporation is engaged in the State of Alabama.

Line 8. Street Address of the Principal Place of Business in Alabama – Please provide the street address for the principal place of business in Alabama.

Line 9. Kind of Business Done Generally – Please provide a brief statement of the general character of business in which the corporation is engaged.

Line 10. Mailing Address of the Principal Office and Place of Business if Outside the State of Alabama – Please provide the mailing address for the principal place of business, if it is located outside of Alabama.

ALABAMA DEPARTMENT OF REVENUE
Quick Preparation Reference for
TY 2017 Alabama Business Privilege Tax Forms
(Form CPT and Form PPT)

See our website at www.revenue.alabama.gov for additional information

BUSINESS PRIVILEGE TAX EXTENSION REQUEST

According to Rule 810-2-8-.06 any taxpayer required to file a business privilege tax return will be granted an automatic six month extension of time for filing the return. However, payment of the total tax due must be received on or before the original due date of the return. Form BPT-V must accompany **all** business privilege tax payments, unless payments are made electronically. Please see Rule 810-2-8-.06 on the Department's website (www.revenue.alabama.gov) for more information regarding the extension of time for filing of business privilege tax returns.

Business Privilege Tax Forms to File:

Form PPT. S-corporations, limited liability entities, and disregarded entities must file Form PPT, Alabama Business Privilege Tax Return and Annual Report for Pass-Through Entities.

Form CPT. C-corporations, limited liability entities taxed as corporations, REITs, insurance companies, financial institution group members, and business trusts, must file Form CPT, Alabama Business Privilege Tax Return and Annual Report for C-corporations and Other Specified Tax Entities.

Business Privilege Tax Return Due Dates:

1. Calendar year C-corporation returns (Form CPT) are due on March 15, 2017.
2. Calendar year S-corporation returns (Form PPT) are due on March 15, 2017.
3. Calendar year limited liability entity returns (Form PPT) are due on April 18, 2017.
4. Returns for fiscal year corporations are due no later than two and a half months after the beginning of the taxpayer's taxable year.
5. Returns for limited liability entities are due no later than three and a half months after the taxpayer's taxable year.
6. Returns for disregarded entities are due no later than the time its owner is required to file.

FEIN to Use for Completing Business Privilege Tax Returns:

The taxpayer's federal employer identification number (FEIN) is required to complete Form CPT and Form PPT. Enter "applied for" if an FEIN will be assigned to the taxpayer. Check the box (FEIN Not Required) if an FEIN will not be assigned to the taxpayer and enter the BPT (Business Privilege Tax) account number on Form PPT or CPT, Line 3d or Form BPT-IN, Line 3c. **Single member limited liability companies should not use their owner's FEIN or Social Security Number.**

Address to Use for Mailing Completed Returns:

If you are not making a payment, mail your return to:

**Alabama Department of Revenue
Business Privilege Tax Section
PO Box 327431
Montgomery, AL 36132-7431**

If you are making a payment, mail your return, Form BPT-V, and payment to:

**Alabama Department of Revenue
Business Privilege Tax Section
PO Box 327320
Montgomery, AL 36132-7320**

Business Privilege Tax Computation:

According to Section 40-14A-22, **Code of Alabama 1975**, the Alabama business privilege tax is computed by multiplying the taxpayer's net worth in Alabama

(the Taxable Alabama Net Worth) by the business privilege tax rate applicable to the taxpayer.

Page 2 of Form CPT and Form PPT is used to compute the taxpayer's Taxable Alabama Net Worth. Please refer to the detailed preparation instructions on our website for documentation requirements.

The business privilege tax rate is computed by (1) determining the taxpayer's federal taxable income, before the net operating loss deduction and any special deductions; (2) allocating and apportioning that amount to Alabama; and (3) using the following schedule.

If the resulting Taxable Income of the Taxpayer is:

At Least:	But Less Than:	Amount of Tax Per \$1,000 of Taxable Alabama Net Worth	Tax Rate
	\$1	\$.25 per thousand	.00025
\$1	\$200,000	\$1.00 per thousand	.00100
\$200,000	\$500,000	\$1.25 per thousand	.00125
\$500,000	\$2,500,000	\$1.50 per thousand	.00150
\$2,500,000		\$1.75 per thousand	.00175

Alabama business privilege tax law requires that a minimum business privilege tax be paid. The law also establishes a maximum amount for the tax liability.

Minimum Business Privilege Tax Amounts:

Generally, the minimum business privilege tax amount is \$100, even for a taxpayer's short year. The minimum amount for Financial Institution Groups is stated in Section 40-14A-22, **Code of Alabama 1975**.

Maximum Business Privilege Tax Amounts:

\$3,000,000	Financial Institution Groups and insurance companies subject to the Alabama Insurance Premium Tax.
\$15,000	C-corporations, S-corporations, regulated utilities, real estate investment trusts (REITs), limited liability entities, business trusts, disregarded entities, and insurance companies not subject to Alabama Insurance Premium Tax.
\$500	Electing family limited liability entity.

Other Business Privilege Tax Schedules/Forms:

Schedule AL-CAR, Secretary of State Corporation Annual Report, is required for corporations filing a Form CPT and for S-corporations filing a Form PPT. Limited liability entities and disregarded entities are not required to attach a Schedule AL-CAR. The Schedule AL-CAR is not required for an initial business privilege tax return.

Form BPT-IN, Initial Privilege Tax Return, is required for the initial return filed by a taxpayer. Newly organized taxpayers must file an initial return within two and one-half months after organization. Taxpayers qualifying with the Alabama Secretary of State to do business in Alabama must file an initial return within two and one-half months after qualification. Please refer to our website for additional information concerning initial Business Privilege Tax returns.

Disregarded Entities:

If the single-member owner of the disregarded entity is not subject to the Alabama business privilege tax, the disregarded entity must prepare a Form PPT and pay the tax shown due on the form.

If the single-member owner of the disregarded entity is subject to the Alabama business privilege tax, the disregarded entity must prepare a Form PPT, but must pay only the minimum tax.

Electing Family Limited Liability Entities:

Electing family limited liability entities have a maximum business privilege tax of \$500. The **Schedule BPT-E, Family Limited Liability Election Schedule**, must be properly completed and attached to the taxpayer's Form PPT on or before the due date, including extensions, of the return in order to make the election. Failure to attach Schedule BPT-E and sign Page 1 of Form PPT or Form BPT-IN will result in the disallowance of the election. A disregarded entity does not qualify as an electing family limited liability entity, in accordance with Section 40-14A-1(h), **Code of Alabama 1975**. Additional information concerning electing family limited liability entities can be found on our website.

Required Attachments for the Business Privilege Tax Return:

- A copy of pages 1 through 4 of the federal tax Form 1120S, pages 1 through 5 of the federal tax Form 1120, or pages 1 through 5 of the federal tax Form 1065.
- Multistate taxpayers (those doing business in Alabama and outside the State of Alabama) must attach a copy of the Alabama apportionment schedule (from Form 20C, from Form 20S, from Form 65, or from Form ET-1).
- Attach documentation to thoroughly support any exclusion or deduction claimed in the computation of the taxpayer's Taxable Alabama Net Worth – see page 2 of the Form CPT or Form PPT.
- Attach a copy of the balance sheet used to compute the taxpayer's net worth, if not provided with the copy of the federal tax return.
- Insurance companies must attach pages 1 through 8 of the federal return, Annual Statement of Liabilities, Surplus and Other Funds, and Schedule T as reported in the annual statements.



Alabama Department of Revenue
Balance Sheet – Net Worth Computation

(FOR FORMS CPT AND PPT)

1a FEIN	1b NAME	1c Determination Period End Date (Balance Sheet Date): (mm/dd/yyyy)
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This worksheet is required to be completed to substantiate the net worth computation. This worksheet is for entities that are not required to complete a Schedule L on the federal Form 1120, 1065 and 1120S and disregarded entities that have as its single member a taxpayer that **is not** subject to Alabama business privilege tax (foreign business entities not doing business in the state of Alabama and not registered with the Alabama Secretary of State's office to do business in Alabama). **Individual single member taxpayers should use Worksheet BPT-NW1.**

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash	//////////		//////////	
2a Trade notes and accounts receivable		//////////		//////////
b Less allowance for bad debts.	()		()	
3 Inventories	//////////		//////////	
4 U.S. government obligations	//////////		//////////	
5 Tax-exempt securities	//////////		//////////	
6 Other current assets (attach statement).	//////////		//////////	
7 Loans to partners (or persons related to partners) (For Limited Liability Entities only)	////////// //////////		////////// //////////	
8 Loans to shareholders (For Corporations only)	//////////		//////////	
9 Mortgage and real estate loans	//////////		//////////	
10 Other investments (attach statement)	//////////		//////////	
11a Buildings and other depreciable assets		//////////		//////////
b Less accumulated depreciation	()		()	
12a Depletable assets		//////////		//////////
b Less accumulated depletion	()		()	
13 Land (net of any amortization).	//////////		//////////	
14a Intangible assets (amortizable only)		//////////		//////////
b Less accumulated amortization	()		()	
15 Other assets (attach statement)	//////////		//////////	
16 Total Assets. Add lines 1 – 15.	//////////	●	//////////	●
Liabilities	//////////		//////////	
17 Accounts payable	//////////		//////////	
18 Mortgages, notes, bonds payable in less than 1 year.	//////////		//////////	
19 Other current liabilities (attach statement)	//////////		//////////	
20 All nonrecourse loans (For Limited Liability Entities only)	//////////		//////////	
21 Loans from partners (or persons related to partners)	//////////		//////////	
22 Loans from shareholders (For Corporations only)	//////////		//////////	
23 Mortgages, notes, bonds payable in 1 year or more.	//////////		//////////	
24 Other liabilities (attach statement)	//////////		//////////	
25 Total Liabilities. Add lines 17–24.	//////////	●	//////////	●
Capital/Shareholders' Equity	//////////		//////////	
26 Partners' capital accounts (For Limited Liability Entities only)	//////////		//////////	
27 Capital stock (For Corporations only)	//////////		//////////	
28 Additional paid-in capital (For Corporations only)	//////////		//////////	
29 Retained earnings – Appropriated (For Corporations only)	//////////		//////////	
30 Retained earnings – Unappropriated (For Corporations only)	//////////		//////////	
31 Adjustments to shareholders' equity (attach statement) (For Corporations only)	////////// //////////		////////// //////////	
32 Total Capital. Add lines 27–31. (For Corporations only)	//////////	●	//////////	●
33 Total Liabilities and Shareholders' Equity. Add line 25 and line 26. (For Limited Liability Entities only)	////////// //////////	●	////////// //////////	●
34 Total Liabilities and Capital. Add line 25 and line 32. (For Corporations only)	//////////	●	//////////	●



Alabama Department of Revenue
Balance Sheet – Net Worth Computation
(FOR DISREGARDED ENTITIES WITH INDIVIDUAL SINGLE MEMBER ONLY)

1a FEIN	1b NAME	1c Determination Period End Date (Balance Sheet Date): (mm/dd/yyyy)
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The Worksheet BPT-NWI is available to be completed to substantiate the net worth computation for Form PPT. This worksheet is for disregarded entities that have as its single member an individual taxpayer- typically single member LLCs taxed as sole proprietorships. The balance sheet should agree with the disregarded entity's books and records. Attach a statement explaining any differences.

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash	//////////		//////////	
2a Trade Notes and Accounts receivable		//////////		//////////
b Less allowance for bad debts				
3 Inventories	//////////		//////////	
4 U.S. Government obligations	//////////		//////////	
5 Tax exempt securities	//////////		//////////	
6 Other current assets (attach statement)	//////////		//////////	
7a Loans to members (or persons related to members)	//////////		//////////	
b Mortgage and real estate loans	//////////		//////////	
8 Other investments (attach statement)	//////////		//////////	
9a Buildings and other depreciable assets	●	//////////	●	//////////
b Less accumulated depreciation				
10a Depletable assets	●	//////////	●	//////////
b Less accumulated depletion				
11 Land (net of any amortization)	//////////	●	//////////	●
12a Intangible assets (amortizable only)		//////////		//////////
b Less accumulated amortization				
13 Other assets (attach statement)	//////////	●	//////////	●
14 Total Assets.	//////////	●	//////////	●
Liabilities and Capital	//////////	//////////	//////////	//////////
15 Accounts payable	//////////		//////////	
16 Mortgages, notes, bonds payable in less than 1 year	//////////		//////////	
17 Other current liabilities (attach statement)	//////////		//////////	
18 All nonrecourse loans	//////////		//////////	
19a Loans from members (or persons related to members)	//////////	●	//////////	●
b Mortgages, notes, bonds payable in 1 year or more	//////////		//////////	
20 Other liabilities (attach statement)	//////////		//////////	
21 Total net worth (assets minus liabilities)	//////////	●	//////////	●
22 Total Liabilities and Net Worth.	//////////	●	//////////	●

INSTRUCTIONS

Assets

- Line 1. Cash** – Enter the amount of cash and the amount retained in certificates of deposit on this line.
- Line 2. Trade notes and accounts receivable** – Enter the book value of trade notes and the book value of accounts receivable that are payable to the business entity.
- Line 3. Inventories** – Enter the book value of inventories held by the business entity.
- Line 4. U.S. government obligations** – Enter the book value of financial debt instruments backed by the US government such as: treasury bonds, treasury bills, and savings bonds.
- Line 5. Tax-exempt securities** – Enter the book value of: 1. State and local government obligations for which interest is excludable from gross income, and 2. Stock in a mutual fund or other regulated investment

company that distributed exempt-interest dividends during the tax year of the business entity.

Line 6. Other current assets (attach statement) – Enter the book value of current assets (assets that are reasonably expected to be converted into cash in less than 1 year) not entered elsewhere on lines 1 through 5. Amounts included here should not be included elsewhere on lines 1 through 13. Attach a statement itemizing the separate categories and amounts of other current assets included in the total of current assets.

Line 7 (a). Loans to member (or persons related to member) – Enter the book value of loans issued by the business entity to the business entity's member or persons related to the member.

(b). Mortgage and real estate loans – Enter the book value of mortgage and real estate loans issued by the business entity. Loans entered on line 7 (a) should not be included on line 7 (b).

Line 8. Other investments (attach statement) – Enter the book value of investments not entered elsewhere on lines 1 through 7. Amounts entered here should not be included elsewhere on lines 1 through 13. Attach a statement itemizing the separate categories and amounts of other investments included in the total of other investments.

Line 9 (a). Buildings and other depreciable assets - Enter the book value of buildings, including capital improvements, and other depreciable assets without deduction of accumulated depreciation.

(b). Less accumulated depreciation – Enter the amount of accumulated depreciation in columns (a) and (c) respectively. Deduct accumulated depreciation of buildings and depreciable assets from the amount on line 9 (a) and enter the differences in columns (b) and (d).

Line 10 (a). Depletable assets – Enter the book value of Depletable assets without deduction of accumulated depletion.

(b). Less accumulated depletion – Enter the book value of accumulated depletion of depletable assets in columns (a) and (c). Deduct accumulated depletion of depletable assets from the amount on line 10 (a) and enter the differences in columns (b) and (d).

Line 11. Land (net of amortization) – Enter the book value of land reduced by the amount of amortization.

Line 12 (a). Intangible assets (amortizable only) – Enter the book value of intangible assets (assets that lack physical substance such as: patents, copyrights, franchises, goodwill, trademarks, trade names, etc.) without deduction of amortization.

(b). Less accumulated amortization – Enter the amount of accumulated amortization of intangible assets in columns (a) and (c) respectively. Deduct accumulated amortization of intangible assets from the amount on line 12 (a) and enter the differences in columns (b) and (d).

Line 13. Other assets (attach statement) – Enter the book value of any assets not entered elsewhere on lines 1 through 12. Attach a statement itemizing the separate categories included in the total of other assets.

Line 14. Total assets – Enter the sums of columns (b) and (d) respectively for lines 1 through 13.

Liabilities and Capital

Line 15. Accounts payable – Enter the book value of accounts payable.

Line 16. Mortgages, notes, bonds payable in less than 1 year – Enter the book value of mortgages, notes, bonds payable in less than 1 year.

Line 17. Other current liabilities (attach statement) – Enter the book value of current liabilities (due in less than 1 year) not entered on lines 15 or 16. Attach a statement itemizing the separate categories and amounts of other current liabilities included in the total of other current assets.

Line 18. All nonrecourse loans – Enter the book value of nonrecourse loans. Nonrecourse loans are those liabilities of the business entity for which no member bears the economic risk of loss.

Line 19 (a). Loans from member (or persons related to member) – Enter the book value of loans from member or persons related to member. Capital contributions that increase member's basis should not be included on this line. Amounts included here should not be included elsewhere on lines 15 through 20.

(b). Mortgages, notes, bonds payable in 1 year or more – Enter the book value of mortgages, notes, bonds payable in 1 year or more. Loans entered on Line 19 (a) should not be included on line 19 (b).

Line 20. Other liabilities (attach statement) – Enter the book value of other noncurrent liabilities not entered elsewhere on lines 18 or 19. Amounts included here should not be included elsewhere on lines 15 through 20. Attach a statement itemizing the separate categories and amounts of other liabilities included in the total of other liabilities.

Line 21. Total net worth (assets minus liabilities) – Deduct the sum of lines 15-20 from Line 14 and enter difference.

Line 22. Total liabilities and net worth – Enter the sum of lines 15 through 21.